



City of Seattle

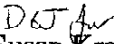
Office of City Auditor
Susan Cohen, City Auditor

QUALITY ASSURANCE MEMORANDUM #1

October 12, 1999

TO: Mayor Paul Schell
Councilmember Nick Licata, Chair, Culture, Arts & Parks Committee
Councilmember Peter Steinbrueck, Vice Chair, Culture, Arts & Parks Committee
Councilmember Sue Donaldson, Member, Culture, Arts & Parks Committee
Deborah Jacobs, City Librarian

cc: Susan Cohen, City Auditor

FROM:  Susan Kraght, Audit Director, Construction and Contract Audits

SUBJECT: Seattle Public Library Capital Program

INTRODUCTION

In 1999, the Office of City Auditor began offering ongoing Quality Assurance Reviews (QARs) of large City capital projects. Traditionally, auditors have examined these projects after completion, which made the recommendations and findings of limited value. Our goal with QARs is to provide independent, timely feedback to policymakers and oversight boards to assure them that these projects are:

- providing reliable information on their status;
- progressing in the most efficient and effective manner possible; and
- following appropriate laws, policies and procedures.

For the 1999 work program, the Office of City Auditor included the Library's construction program, two SPU projects, and the Civic Center.

Since this is a new service, we anticipate it will take a few months working with the Library and its oversight groups (e.g., City Council, Library Board) to establish the optimal working relationships. We are committed to ensuring that our work does not add another layer of review for the Library or add to its already heavy workload. We are



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pleased that the Library has shown a commitment to hearing our concerns and suggestions and integrating them into its work when appropriate.

We currently plan to meet every four to six weeks with Library staff to review the project and then write a QAR memorandum. Our focus will include the new Central and branch libraries as well as the rehabilitation and expansion of existing facilities. Our memorandums will be in executive summary format informing the reader of: 1) what we reviewed, and 2) the results of that review. We will always be available to meet with Library staff or its oversight groups to provide more information when requested. (I can be contacted at 669-1214 or by e-mail.)

PROJECT STATUS

The Library Capital Program is in the early stages of conceptual design, and relocation planning for the Central Library. Tasks currently underway are:

Central Library

1. Interim Agreement between the City and Architect,
2. Planning for the General Contractor/Construction Manager Request for Proposal, and
3. Site selection for temporary facilities.

Branch Libraries

1. Selection of design firms for Capital Hill and High Point Libraries,
2. Site assessments for Ballard and Greenwood Libraries,
3. Property negotiations for Delridge Library,
4. Site evaluation for Beacon Hill Library, and
5. Contracts for tenant improvements for the new Wallingford and Holly Park Libraries.

SCOPE OF REVIEW #1

1. Contract files,
2. Budget spreadsheets,
3. Central and branch library schedules, and
4. Experience of program staff.

RESULTS OF REVIEW

The four areas we believe could use particular emphasis by the Library over the near term include:

- getting the document control system up and fully running;
- establishing written policies and procedures;
- considering the trade-offs between schedule, cost, and adherence to sound contracting practices; and

- exploring ways to simplify, for its oversight board, the integrated master schedule, program cost estimate, and budget.

Document Control System

The Library plans to review document control systems used by other jurisdictions in order to select a system for branch library projects. The Library is currently implementing an electronic system for the Central Library. Sound document control systems are critical to ensure that all pertinent documents are retained and easily accessible.

Contracting and Contract Management Policies and Procedures

Contracting and contract management policies and procedures are critical to the success of large construction programs. Written policies and procedures ensure that staff and oversight groups have common understanding and expectations about how the progress of programs and projects will be managed. They establish an important expectation that staff will inform their oversight groups when complications or opportunities require deviations from the established policies and procedures. Due to the fast pace at which these projects were started, the Library has not yet firmly established in writing what its policies and procedures will be. For the most part, the Library expects to follow the City's contracting rules; however, it also expects to perform some actions or use certain procedures that differ from the City's rules because it operates under different legal authority than other City departments. To address our concern about the specificity of its policies and procedures, the Library plans to review City Contracting Rules (Seattle Municipal Code) and determine which policies and procedures it will follow and which are not suitable or practical. When the City's standard policy or procedure is not practical for the Library, we will work with Library staff to recommend suitable alternative contracting policies and procedures that allow the Library to efficiently and effectively pursue its work while ensuring the proper use of City funds and equal access to City contracts.

Program Schedule

Based on our review of files and discussions with Library officials, we found that Library officials believe they have strong direction from policymakers to keep the program on schedule. We have found in most public construction projects there are eventually trade-offs between schedule, cost, and adherence to sound contracting practices. We recommend that the City's policymakers provide clear direction regarding their expectations on those trade-offs for the Capital Program of the Library.

Integrated Master Schedule, Program Cost Estimate, and Budget

The Library has a system to monitor the program's schedule, budget, and cost. However, we found the system did not allow us to readily assess the status of projects. We

recommend the Library review other integrated systems, such as the one used for the new Civic Center. We believe the Civic Center's approach allows oversight groups a much better opportunity to understand the progress of the program. The Library agreed to review other systems and look at ways to modify its reports.

CONCLUSION

Based on our audit experience, successful public projects go hand-in-hand with strong control systems. We appreciate the Library's willingness to work with our Office through the Quality Assurance process to ensure stakeholders that it has implemented program controls commensurate with a \$235 million capital program.